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27 March 1965

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CENTRAL INTELLIGENCE BULLETIN

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CENTRAL INTELLIGENCE BULLETIN

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[redacted] British Guiana; Italy-Haiti.
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*USSR: The party central committee session which ended yesterday announced a drastic program for agriculture and approved a series of personnel changes which appear to have greater economic than political significance.

Brezhnev, according to a summary of his report, admitted that agriculture has been stagnant since 1958. His corrective measures include an investment program for the next five years equal to the amount invested since World War II.

Brezhnev said that gross agricultural output increased only 10 percent in the period 1959-65 instead of the 70 percent planned. The annual plans for state purchases of farm products were fulfilled only three times in the past decade, and investment in agriculture in the current Seven Year Plan (1959-65) will be only 7.5 percent of total investment compared to 11.3 percent in the preceding five year period.

As part of Brezhnev's remedy, investment in farm buildings and machinery is scheduled to increase by a phenomenal 71 billion rubles in the period 1966-70, or an annual amount roughly double that of recent years. As for the source of these and the other needed funds, the summary indicated only that "the state plans to find the money by redistribution within the state budget."

The government will reduce the mandatory quotas of grain and meat to be delivered to the state and will raise prices paid for most of these products. Retail prices, however, will not be increased. The program includes cancellation of all debts owed the state by the poorest collective farms. A six year plan for delivery of farm products to the state is designed to eliminate wasteful annual changing of each farm's crop patterns.

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The personnel changes do not indicate a shift in the power balance at the top, and seem to bear little relationship to the main topic of the meeting. Rather, they seem intended to strengthen the general economic leadership of the country.

In combined party and government actions, Dmitry Ustinov was released as first deputy premier and Chairman of the Supreme Economic Council and was transferred to work in the party secretariat where, presumably, he will oversee industrial activities. He was made a candidate member of the ruling party presidium.

Kirill Mazurov, Belorussian party boss and candidate member of the presidium, was promoted to full presidium membership and assigned to replace Ustinov as first deputy premier. Vladimir Novikov, a former deputy premier whom Khrushchev demoted in 1962, was reappointed deputy premier and assigned Ustinov's old job as Chairman of the Supreme Economic Council. In the only other change, Leonid Ilichev, recently named deputy foreign minister, was dropped from the secretariat.

Mazurov does not seem to have close connections with any of the top leaders and may have been a compromise choice. Ustinov and Novikov, however, have had past associations with Premier Kosygin, and a common background in defense related activities.

The shifts do nothing to clarify the question of agricultural leadership where vacancies have existed for several months. The question of a replacement for Ilichev in the ideological and propaganda sphere was also bypassed.

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Indonesia: The anti-American campaign continues, but the pace has slackened in the past few days.

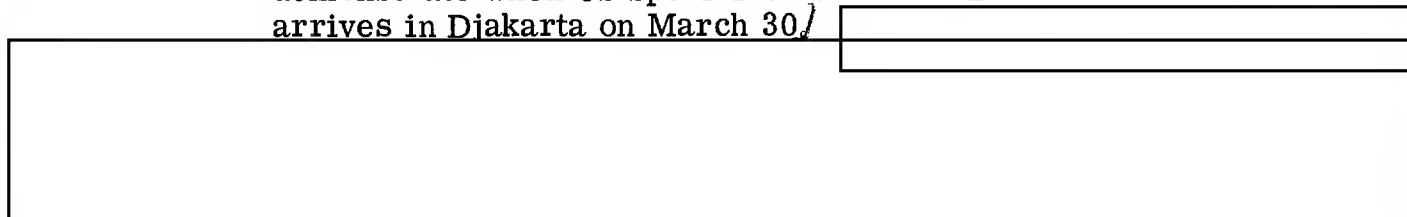
The oil companies' operations for the moment are proceeding normally despite the government's nominal take-over on 19 March and the subsequent installation of Indonesian "custody-control" teams. Deputy Prime Minister Chaerul Saleh has reiterated that the government's future relationship with the companies will depend on their "assistance, understanding, and cooperation."

The government has offered the Goodyear rubber estates arrangements which company representatives in Djakarta consider acceptable. The minister of estates has urged, however, that American personnel be replaced with non-Americans as rapidly as possible.



On 25 March, the premises of a small American-owned industrial company in Java were occupied by labor union representatives, even though the enterprise was already managed by Indonesians.

The government apparently hopes to keep anti-American activity as well as any other agitation at a low level during the coming month. Sukarno has banned all demonstrations on any subject until after the nine-day celebration of the Bandung Conference anniversary ends on 26 April. (*Despite Sukarno's edict, Indonesian Ambassador to the United States Palar believes that the Communists will undoubtedly demonstrate when US Special Ambassador Bunker arrives in Djakarta on March 30/



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Brazil: President Castello Branco has reversed last month's decision to postpone eleven gubernatorial elections set for this fall.

The general relief with which the government's action has been received suggests that a great deal of steam has been taken out of what had been developing into a major political controversy between the government and the opposition parties. The only serious objection appears to come from some army officers who fear that the political left may turn out to be the principal beneficiary.

Castello Branco's decision probably was prompted in part by the results of the mayoralty elections in Sao Paulo on 21 March. He apparently felt that the lack of significant antigovernment sentiment in the Sao Paulo contest indicated that state elections could be held on schedule with a minimum of danger to political stability.

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*Congo-Uganda: Ugandan Prime Minister Obote may try to make a major issue out of the latest incident on the Congo-Uganda frontier.

A Ugandan customs post reportedly was attacked on 25 March by Congolese government troops, who that morning had taken Aru, just across the border. The Congolese force is now said to have withdrawn.

Obote may attempt to use the incident to gain support, both domestic and foreign, for his anti-Tshombé Congo policy. He has again asked troops of Kenya's Prime Minister Kenyatta, who is now in Uganda reportedly to discuss defense matters. Kenyatta hitherto has been loath to involve Kenya militarily on the Congo issue. Obote's Congo adventures have been unpopular in Uganda.

The reported incursion may have been an instance of "hot pursuit" by the Congolese Army. Congo rebels use Uganda as a safe haven, and Ugandan troops, who were in the Congo in substantial numbers last month, frequently take potshots at Congolese soldiers from the Ugandan side of the frontier.

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NOTES

USSR-Africa: The murder of a Ghanaian student in Baku on 16 March may lead to widespread African student demonstrations, according to the US Embassy in Moscow. The embassy reports that a number of African students have already left Baku and that some Africans at other Soviet institutions are boycotting classes. Rumors are circulating that pro-Chinese elements are seeking to capitalize on African student discontent. Soviet authorities are probably taking extensive measures to avoid a repetition of the early March demonstrations which Chinese students succeeded in turning against the Soviet police.

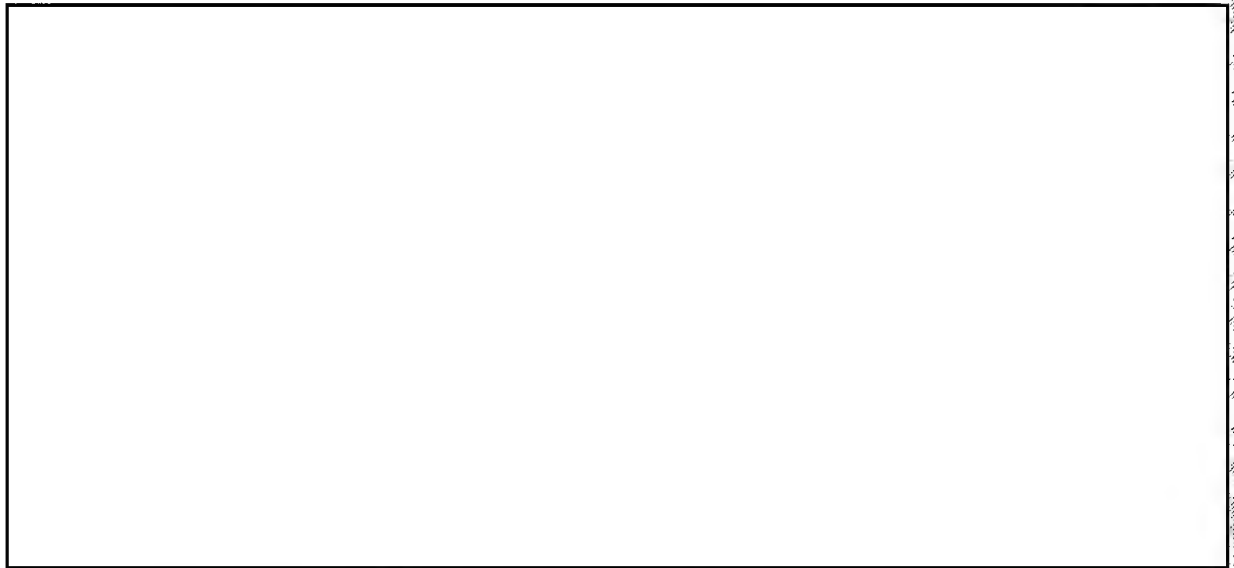
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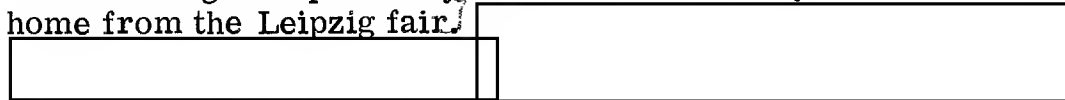
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British Guiana: [The Burnham government's stubborn surplus rice problem may soon be eased by sales to Puerto Rico. A Puerto Rican trade delegation that was in Georgetown this week expects to make a firm offer to purchase 10,000 tons of Guianese rice immediately, and hopes to buy 35,000 to 40,000 tons annually thereafter. Politically, finding a market of this magnitude would go a long way toward refuting Cheddi Jagan's contention that the prosperity of East Indian rice farmers in British Guiana depends on the Cuban market. Jagan is presently in Havana on his way home from the Leipzig fair.]

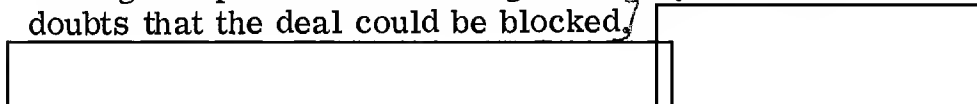
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Italy-Haiti: [The Beretta company is pressing the Italian Government to reverse a decision taken last fall canceling an export license for the shipment of 1,000 automatic rifles to Haiti. Beretta is again pleading that its "economic difficulties" warrant an exception being made to a government policy which prohibits the sale of arms to "politically unsettled" areas. The Italians have asked the US for information that can be used to counter Beretta's request, but legal experts in the Foreign Ministry have had doubts that the deal could be blocked.]

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